

## THE LIBERAL TWILIGHT

by M. Stanton Evans

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In the past four decades, we have seen a dramatic growth in the scope of government power in the United States: a drainage of power upward out of the states into the central government, and within that central government, away from the Congress into the hands of the executive. And, I hasten to stress, not necessarily into the hands of the president, but into the hands of the executive bureaucracy.

As a result, we have established on the banks of the Potomac precisely the kind of unchecked, untethered monolithic power structure that our founding fathers wanted to avoid. This has been done on the basis of a number of arguments and alibis that need examination. One of these is the suggestion that the scope of federal power is not much larger than that which existed forty years ago. As a result of this activity, supposedly, we increase the absolute size of government, but since we are also increasing the productivity of our economy, relatively speaking there isn't that big an increase.

There are lots of ways of looking at that argument, but I think the simplest is to take the spending figures, and trace them down through this period of four or four and a half decades. If you go back to calendar year 1929, you discover that in that year, the entire outlay of the federal government came to less than \$3 billion, \$2.6 billion to be exact. If you come forward to fiscal '75, you discover that the outlay of the federal government was about \$324 or \$326 billion. If you round that back down just to \$300 billion, you discover that in a span of 46 years, the budget outlays of the federal government increased by 10,000 percent, from \$3 billion to \$300 billion.

This was a period when the population of the United States was increasing from about 120 million people to perhaps 214 million, an increase of roughly 75 percent. So in those terms it is readily apparent that the compulsory sector of our economy, just measuring the federal component of it, has been increasing at a rate much greater than the growth of the economy as a whole.

Now it is true that the increase in spending is measured in dollars devalued by the process of inflation. But it is

possible to correct for that and to take the percentage of government spending in terms of gross national product or personal income, and thus to get a constant measure of what is happening to our economy. If we do that, we discover that in 1929 the percent of gross national product consumed by government at all levels was just about 10 percent. Today, it is 37 percent.

A single proposal now before Congress, the National Health Insurance Plan of Senator Kennedy, would increase that percentage to 45 percent. If the trend of growth that has prevailed for the past two decades continues simply as it has been with no major additions, by the year 2000 the percent of GNP absorbed by government is going to be 67 percent, according to the estimates of the Office of Management and Budget. In terms of personal income, the story is much the same. In 1930, the percent of personal income consumed by governments at all levels was 15 percent. Today it is 44 percent.

And that, I might stress, is only a threshold measurement. On top of the spending measures, you have layer upon layer of regulatory intervention which itself imposes social costs and economic costs not included in the budget figures. We know, for example, that there are, at various levels of government, 283 different agencies which have some species of superintendence over the activities of American businesses. We know that there are about 150,000 government employees at every level involved in that activity. We know that in the federal government alone there are 63,000 employees involved in that activity.

We know that in paperwork alone, the costs to business and taxpayers amount to about \$40 billion a year. We know that there are something like 6,000 different federal forms which have to be filled out by American businesses. President Ford's Council of Economic Advisors has estimated that the additional costs to consumers of various federal regulatory programs is \$130 billion a year.

imprimis (im-pri-mis) adv. In the first place. Middle English, from Latin *in primis*, among the first (things).

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If we compare this level of intervention with the level prevailing in the explicitly collectivist countries, we find there is not much difference. The percent of GNP taken in the Scandinavian countries for social programs is not much higher than the percent which is being taken here. So the assurance that it's all in your mind, it's all relative and isn't really that big, is mistaken. But if that empirical point can be established, one finds other assurances and explanations forthcoming.

One of these is that the burden of guilt for all this spending rests on the military. We experience high taxes and ravaging inflation, allegedly, because we're spending so much money on unneeded military implements and responding to the pressures of the military-industrial complex.

That notion has been sold very effectively in many segments of the national media and by very articulate politicians. But it is totally unsupportable on the empirical record. If you examine the budget figures for the last decade, you discover that the percentage of the federal budget devoted to the military has been falling like a stone. In 1963, 46.9 percent of the federal budget went for defense, almost half. For fiscal '76, it's 27 percent, just a little over a quarter. Even though there has been an absolute dollar increase in outlays for defense, that proportion has fallen steadily because the major spending increases have been for non-defense items, and mostly for welfare.

It's interesting to note the spending history of the Department of Defense as put up against the spending history of the Department of Health, Education, and Welfare. In the two decades, 1952 to 1972, the DOD budget increased by 74 percent, which in constant dollars was not much of an increase at all. In fact, according to the Brookings Institution, that was roughly keeping even in terms of what could be purchased with the dollars.

In that same two decades when Pentagon spending increased by 74 percent, the spending of the Department of HEW increased 4,837 percent, from \$1.9 billion to roughly \$100 billion. Today, whatever one may think about the Department of Defense, it no longer has a distinction it once did have. That is, it is no longer the largest department of the federal government. Its budget for '76 is about \$93 billion. The budget of the Department of HEW is \$118 billion. That is where the truly enormous spending increases have occurred — not for defense but for domestic social welfare programs.

If that empirical point can be driven home, one encounters another explanation which also has its plausible aspects. This is the suggestion that even though we are spending all this money on social welfare programs, at least we are helping poor people. We are taking resources from people who don't need them and putting them into the hands of people who do. This is what all the transfer payment programs are about and indeed they have been growing very rapidly.

There is no question that some proportion of this enormous increase in federal spending has gone to help people who are in need. But I would suggest to you that is not the major impact of what has happened. The major impact is something else altogether.

Again we face the difficulty of how you quantify these things. I have a formula which I think suggests a kind of answer. It is possible to measure the net increase in social welfare spending over a given span of time. If we do that, we discover that between 1960 and 1971, the total level of expenditure on social welfare programs, broadly defined, increased from \$50 billion in 1960 to \$171 billion in 1971 — about a \$120 billion increase.

It so happens that, according to the Bureau of the Census, there are about 25 million poor people in the United States, defined as people with an income level of \$4,137 or less for a given year, for a family of four. If we take those 25 million poor people and divide them into the \$120 billion increase — *not* the whole thing, just the increase — we discover that if we had simply taken that money and given it to the poor people, we could have given each and every one of them an annual stipend of \$4,800 a year, which means an income for a family of four of \$19,200. That is, we could have made every poor person in America a relatively rich person. But we didn't. Those poor people are still out there.

What happened to the money? The answer is that some of it did get into hands of the people who are supposed to get it. But a lot of it didn't. I would say the majority of it went to people who are counseling the poor people, working on their problems, examining the difficulties of the inner city, trying to rescue poor families and devise strategies for getting them out of their doldrums. It went to social workers and counselors and planners, and social engineers and urban renewal experts, and the assistant administrators to the administrative assistants who work for the federal government.



Now it is very interesting to note, if we talk about relative impoverishment and affluence in our society, that the level of income among people who work for the federal government is considerably *higher* than the level of income of people who work for private industry. In 1972 the median income for someone working for the federal government in civilian employment was about \$12,700. The corresponding income for someone working in private industry was about \$9,000. This means that whenever these programs are adopted, the gross effect, and I use the word in both its senses, is to transfer money from people who are relatively poor — that is, taxpayers — to people who are relatively well off — that is, people who work for the federal government.



It's also interesting to note the two most affluent counties in the United States. What do you think they are? Westchester County, New York? Dupage County, Illinois? Marin County, California? Orange County, California? No, none of those.

The two richest counties in the United States, according to median family income, are Montgomery County, Maryland, and Fairfax County, Virginia, which happen to be the two bedroom counties for the federal government. That's where the government workers live. The median family income in Montgomery in 1972 was \$16,000 plus. In Fairfax, which was not quite so good, it was about \$15,700. Every time a program is adopted to enhance the power of the federal government, to cure impoverishment, those are the people who are enriched.

So it seems to me that argument is implausible, although superficially appealing. We simply have not been assuaging poverty by what we're doing. The other justifications are essentially subdivisions of that one. They are contentions that in problem areas throughout our economy, it is necessary to have a federal intervention of some type because the private market economy and the system of voluntary exchange have failed to get the job done.

We need a new health care program, supposedly, because the system of private health care delivery has failed. We need a new spending program to create jobs because the private market economy has failed to provide jobs. We need a new housing program because the private housing construction industry fails to provide new low-income housing. We need environmental constraints, we need energy programs — all allegedly because the system of private exchange doesn't do the job.

It is precisely here, however, that the liberal social philosophy has reached a watershed which even liberal theoreticians have come to recognize as such. If one takes the read-outs on all these various programs and all of the difficulties that we allegedly are going to redress by enacting them, two things become apparent.

One is the fact that quite clearly these programs do not solve social problems. They are much more likely to *create* such problems. Second is the fact that in each and every one of these issue categories, you discover that every problem brought forward as a reason for further government intervention is the result of a *prior* intervention. The issue categories in which this is so are worth examining in a bit of detail because they show the phenomenon of self-generating interventions very clearly.

**Inflation:** We are being told that we have to have various kinds of government action because of rising oil prices or rising food prices. We've seen the enactment of a very complicated system of wage and price controls which obviously failed. We still have price controls in the energy field. We have exhortations on occasion to return to the system of full controls, all of this to cure the problem of inflation.

Well, who creates the problem of inflation? The answer is very plain on the record. Inflation, as I am sure the students of economics here are well aware, is essentially a phenomenon of more dollars chasing fewer goods, or an increasing money supply going after a relatively stable volume of production. That is exactly what has been happening in the United States in recent years. Take a look at what happened to the money supply between '67 and '73, right through the period of controls. In that span, the money supply increased by 44 percent. The index of industrial production increased only 26 percent. What happened to consumer prices? They were

right in between the increase in industrial production and the increase in the money supply, rising by roughly 35 percent. It is very clear on that record, as well as on the theoretical articulation of what causes inflation, that government itself creates the problem government is setting out to cure.

**Unemployment:** Government wants to cure unemployment through spending programs and job training projects. This is indeed a serious problem. Adolescent unemployment is very high these days; specifically, unemployment among black adolescents has soared to about 40 percent. Now why is black adolescent unemployment that high? What has caused this very serious problem?

The cause of that phenomenon, as it happens, is a "humanitarian" social program called the statutory minimum wage, one of those ideas that sounds great in theory but is not so great in practice. The theory is that we can raise peoples' wages by *fiat*. We simply pass a law saying workers ought to be paid a living wage and it is inhuman to pay less than that wage, making it illegal to go below it.

Unfortunately, it doesn't work that way, because in the final analysis, everybody's wage is paid by the consumer. If a given employee doesn't bring to the job the skills and the education to generate what he or she is being paid, that employee isn't going to get hired, or will be the first to be laid off when the economic crunch arrives. This means that any statutory floor under wages always works to the disadvantage of marginal workers, the people who can least afford further disadvantage because they've already had insufficient education and training.

We see that in our economy precisely in the phenomenon of black adolescent unemployment. In 1954, the federal minimum wage stood at 75 cents an hour. Black adolescent unemployment was 16.5 percent, which was bad enough in itself. By 1968, however, the federal minimum had gone to \$1.60 an hour and black adolescent unemployment was 26.5 percent. Now the minimum is \$2.10 and it's going to go to \$2.20, and black adolescent unemployment is 40 percent.

So in this instance as well the federal government is creating the very problem it allegedly is setting about to cure. The answer to that problem is not further intervention into the market, but to phase out the intervention that we have.

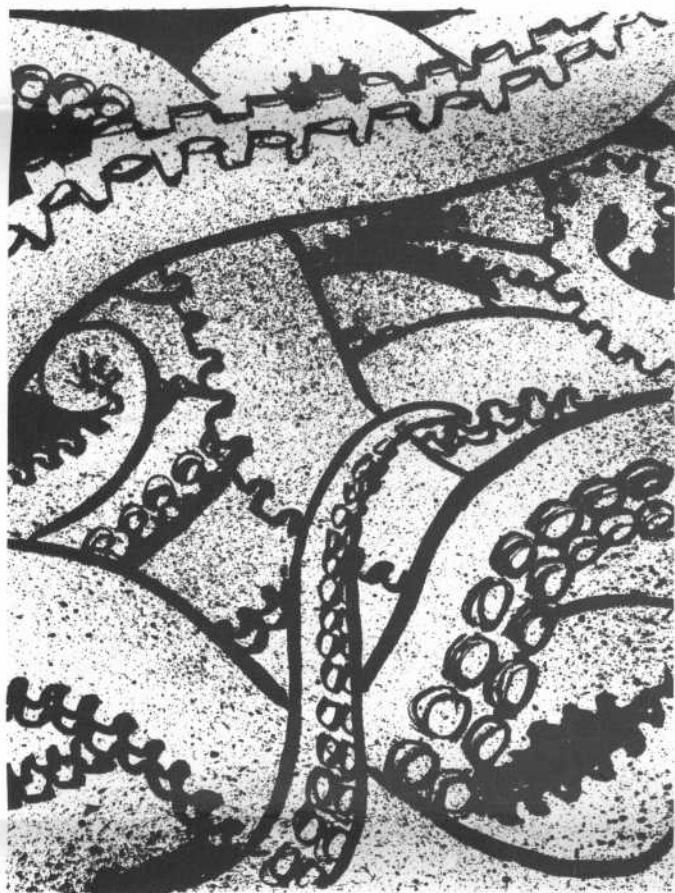
**Housing:** We're told the private housing construction industry has failed. The record is directly the opposite. In the period since the 1930s, in which the federal government has been involved in housing programs of one sort or another, what has been the result of those programs? There have been many computations made and they all point to the same conclusion. The net impact of federal involvement in the field of housing has been the destruction of over one million units of housing. Now some of that housing, agreed, was unliveable, but much of it was liveable, and much of it was destroyed by urban renewal programs which went in to inner cities, obedient to the vision of the planners, and knocked down row after row, unit after unit of liveable housing and threw the tenants or the owners of that housing out and packed them into very densely populated neighborhoods elsewhere.

Now while the federal government was creating a net destruction of one million housing units, what was the private construction industry doing? The answer is that it was upgrading American housing in a chronicle of progress, true progress, that is probably unequalled anywhere in the annals of productive enterprise. In 1940, 51 percent of the housing

in the United States was rated standard — that is, not in need of major repair, not overcrowded, with indoor plumbing. In the census of 1970 the corresponding figure was over 90 percent.

The same kind of thing is true in the realm of transit, environmental controls, energy, and almost every other issue that is being debated in Washington. The liberal argument has the situation backwards. It is not government that can cure the problems generated by private enterprise, but private enterprise that alleviates and diminishes problems created by government.

There is finally, and perhaps most important of all, another assurance whose failure, in my opinion, indicates that we are entering a period of liberal twilight — a period in which the liberal world view as we have known it begins to fade from vision.



The final assurance is not economic but political and constitutional: that it is possible, on the one hand, to pile up all these powers in the hands of the federal government, eroding the barriers to the exercise of power built into the constitutional system by our founding fathers, and yet maintain our essential freedoms.

What's important, in the liberal view, are human rights or rights of speech and advocacy and political association and religion. These are the core values of a free society, and we guarantee that even though we are doing all of these things to the economy and to the constitutional system, that all these rights are going to survive.

I regret to say that this final assurance is also unjustified,

according to an enormous body of evidence that is piling up before us.

To begin with, it is theoretically impractical to reconcile these propositions. If in fact one can control the *economic* elements of a society, then one can control political activity as well. To take a very simple example, if one can control the supply of newsprint, one can control the press. It is interesting to recall that the closest we ever came to seeing a mass shutdown of newspapers in this country was in the fall and winter of 1973 when there were labor problems in Canada and the supply of newsprint was diminished. The result was that newspapers all over the Midwest cut back on the number of pages they could print, and there was a very real fear that they would have to stop publishing altogether. As a result of that particular economic constraint, a number of features and opinion columns were dropped from newspapers — a very clear example of economic factors impinging upon freedom of expression.

But there are other more direct illustrations as well. We know, for example, that there is not freedom of political communication today in a very large segment of the press, namely the electronic media. In that business the basic economic resource, the broadcast frequency, is controlled by the federal government — by the Federal Communications Commission. If you want to operate a commercial broadcasting station, you have to get a license from the FCC and that license is subject to renewal every three years.

If you do not conduct yourself in a manner the FCC considers appropriate, your license can be taken away. There are few instances in which licenses are actually removed but it isn't necessary to have many removed for the point to get across: if you conduct yourself peaceably and don't stir up a lot of fuss and feathers, you probably will get a routine renewal. But if you create problems and become excessively controversial, as has happened in certain cases, then your license can be taken away. Hundreds of thousands, perhaps millions of dollars of revenue, can be lost as a result of that political decision.

Above and beyond this threshold constraint, the Federal Communications Commission has added other very explicit constraints through the fairness and equal time doctrines. The Federal Trade Commission has also gotten into the act with its rulings about commercial content. So the range of debate in commercial broadcasting has been severely constricted, principally because the basic economic resource is in the hands of the government.

During the Watergate controversy, there was a considerable flap when Senator Lowell Weicker of Connecticut, a maverick Republican on the Watergate Committee, came up with a document which allegedly had been drafted by Jeb Stuart Magruder, a functionary with the Committee to Re-elect the President.

In this memorandum, Magruder spelled out a number of ideas for getting at people in the media who disagreed with the administration. He said things like this: The first thing we do when we get Dean Burch appointed chairman of the FCC is to start monitoring what the networks are doing, and build a case that they are not giving out with balanced programming.

Then we can get the Antitrust Division of the Justice Department to take a look at the networks and suggest that there are going to be actions on that score. And then we can get the IRS into the act and start taking a look at the tax situation.



There are all kinds of things we can do to intimidate them and back them off a little.

When that came out it caused a tremendous uproar; there was indignation that the Nixon regime was planning to use the powers of government to punish dissenters. It reminded me of a very similar memorandum written back in the early 1960s by a man named Victor Reuther, one of the high officials of the United Auto Workers, addressed to then Attorney General Robert Kennedy. In that memorandum, Victor Reuther spelled out a scenario very similar to that spelled out by Magruder.

Reuther said, in essence, we should take the FCC and the IRS and other agencies of the government and start putting heat on conservative broadcasters creating problems for the Kennedy administration. He very elaborately suggested some of the things that might be done. That advice was acted upon. We know now that this program for inhibiting dissent through the political use of the Federal Communications Commission was pursued very energetically by both the Kennedy and Johnson administrations.

I cite those parallel examples not to say that since it was done under the Kennedy administration and the Johnson administration, therefore it's all right under the Nixon administration — no. Both are wrong. The point is otherwise. That point, it seems to me, is that in neither of these memoranda was it suggested that we needed a single new governmental power to control the media in this country. What was being suggested was that *the power is already here*. We *have* the power. Just take it and use it against the people who disagree with us.

Ultimately the Nixon attempt failed because of Watergate. But nonetheless, the power was there and the power is still there. That power has not been dismantled as a result of Watergate. It's all sitting there in Washington, D.C., waiting to be used by somebody who knows how to deploy it in sophisticated fashion.

A second point implicit in what I've been saying is that almost all of these controls are economic in nature. All have to do with controlling some aspect of our economic lives, either through taxation, antitrust, or the FCC licensing power. By controlling the economy, we control political expression as well.

Alexander Hamilton said a power over a man's subsistence amounts to a power over his will. A very true and very obvious statement. If I could control the wherewithal of your life, I could control almost everything about you. If I can control your subsistence and I can control your will, I can certainly control your voice or pen.

In essence what the liberals have attempted to do, and it has been a heroic enterprise in its way, has been to abandon the premises of a free society, to adopt the premises of an authoritarian society, and yet to avoid authoritarian result: to say that we're going to have a collectivized, regimented society and still maintain our libertarian values. What is happening to us now, in the terminal phase of that experiment, is a final disintegration of libertarian values. We are beginning to see the indications of an authoritarian state — not simply a regimented state, but an explicitly authoritarian state — crop up around us.

I think we see this in some very mundane, very ordinary controversies debated all the time in communities around this country. The issues I pick are essentially three — busing, sex education, and the population issues.

Take a look at those issues. The usual debate on busing, for example, is as follows. The proponents of the neighborhood school want to preserve their local neighborhood and autonomy against the people who want to get authentically integrated schools. All the debate is about "unitary" and "dual" systems and *de jure* and *de facto* segregation.

But if one pursues the busing controversy to its heart, one discovers a totally different set of issues. If you go back and read the Coleman Report, published in 1966 by the Department of Health, Education and Welfare — named for Professor James Coleman, then of Johns Hopkins, now of Chicago — you find the rationale for busing spelled out pretty plainly. And it is articulated even further in another document called *Racial Isolation in the Public Schools*, published in 1967.

The Coleman Report in essence was a review of all the factors entering into public education and the things that resulted from those factors. It found that the enormous increase in spending for public schools over the past several decades had not resulted in a corresponding increase in learning gains, and in particular had not produced any diminution in the black-white learning gap which was observed at the beginning of school and was still observed at the end of school.

The problem as it was perceived by these researchers, and those explaining their research, was that we were sending black kids into these wonderfully appointed, very expensive public schools with all the right facilities and all the right preparation, and there we were programming into them the good things they ought to know. But then at the end of their school they were going home to their ignorant parents, where the good effects of the official programming were being washed away. They were slipping back into the same culture pattern from which they had originally emerged.

The conclusion drawn from that — to put it in its most brutal, but I think most accurate, form — was that we *had to break the link between the black child and his or her parents*. We had to take that child and get him away from the influence of his parents and immerse him as fully as possible in an artificial environment created by planners who had the proper credentials and the proper expertise and the backing of the state.

Coleman said it very plainly in an article in *The Public Interest* in the summer of 1966. He said that what is needed is a school that begins very early in the day and ends very late in the day, a school that preferably would begin very early in life. We had to replace the home environment by an official environment.

Now that's a very interesting idea, and it is particularly interesting when it is proposed in the name of civil rights — to take the black child as an experimental guinea pig in cultural homogenization, and to say that we're going to get that child away from his family and to mold him according to a design desired by official planners.

It is this same idea that is apparent beneath the surface in these other controversies. We see it in the sex education debate — and again the superficial level is one thing and the actual level is something else. The superficial, public level is: My kid is being exposed to pornography because they are showing him pictures of frogs copulating. On the other side is the school saying the kids have to learn hygiene and how to avoid getting pregnant, and it's important that we teach them these things.

Again, I'm not downplaying the importance of such issues, but they're not the real issues. The real issues are essentially the same as in the busing controversy. If you push that one far enough, you invariably reach a point where people on the side of the sex education programs say: Look. Let's face it. These parents are too dumb. They don't know what is right for their own kids. They've got all these hang-ups and can't talk to the kids about this. They don't know how to shape them emotionally and physically. We know. We've got the credentials. We studied this. We've got the degrees and we've got the state backing us up.

The population question is the ultimate version of this whole controversy. A plausible rhetoric about the "quality of life" would have us suppose that the issue here is *numbers* of people. And, without taking a particular side, that is an issue worth discussing. But it isn't the real issue. The real issue isn't the *number* of people. It's the *kind* of people. Read the literature that has emerged from the abortion and euthanasia movements and examine the meaning of the phrase "quality of life." Sounds good, doesn't it? Everyone wants a better quality of life. Well what that means is something rather different. *It means that some lives are better than others*, that there is such a thing as a life that isn't worth living and that it is up to those of us who have the expertise to make the decision as to which lives are worth living and which aren't. And that is the payoff. That is the ultimate phase of

this development in which the liberal mind set becomes transformed into something quite the opposite of liberal: in which the libertarian remnants that have persisted through these forty years fall away, and we see the emergence of an authoritarian state.

If one adopts the authoritarian premises, ultimately one is going to emerge with the authoritarian conclusions. The libertarian shell has fallen away, and we're left with the bedrock principles of compulsion and the subjection of human beings to a planning elite.

It doesn't have to be that way and some liberals have turned back in the other direction. It is my hope that those who have become disenchanted with the liberal formula will join with those who have criticized this approach for many years, and that between them they will be able to attack, in an intelligent way, the economic distresses which have afflicted our society and prevent the further erosion of our political system into authoritarian practice.

If such a united front can be, then I think there is some hope that emerging from this liberal twilight will be a more libertarian product than that I have been describing, and that those of us who are concerned for the future of our society can restore it to the ways of freedom intended for it by its founders.

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